

Nonmetro Personal Income Increases in the 1990's

Nonmetro median personal income has increased in real terms in the 1990's and is closing the gap between metro and nonmetro medians.

Median personal income, adjusted for inflation, of people age 25 to 65 with positive personal income, has increased since 1993 (table 1) according to the March Current Population Survey. Both metro and nonmetro real personal income lost ground during the 1990-91 recession, and during 1992 and 1993 as well. But by 1995, real median personal income in nonmetro areas surpassed the level attained in 1990, whereas metro real median personal income has yet to attain its pre-recessionary level. In 1993, the median personal income of people living in nonmetro areas was \$16,786 (1995 dollars). By 1995 it had grown to \$17,933, above the \$17,200 of 1990. The metro median was \$22,034 in 1993 and \$22,915 in 1995, but still below 1990's \$23,165.

Median personal income in nonmetro areas still is well below the metro median. Looking back to 1963, nonmetro median personal income was only 66 percent of metro personal income (fig. 1). Over the 1970's, nonmetro personal income gained ground on the metro median so that by 1979, it was up to 83 percent of the metro median. But that success did not last. The recessions of 1980-82 and the several years following were harder on nonmetro areas than metro areas, which is shown in a number of economic indicators, including personal income. The nonmetro personal income median slipped to only 72 percent of the metro median in 1986, recovering to 78 percent by 1995. In the 1980's, there were many changes in the labor market that affected personal income, and they may have affected nonmetro personal incomes differently. Nonmetro areas have had disproportionately more workers who were part-time for economic reasons—part-time workers who work desired full-time jobs but none were available. The 1980's saw a favorable change in the earnings of white-collar workers by comparison to those of blue-collar workers. White-collar work is concentrated in metro areas. See table 2 for the upward trend in the nonmetro/metro medians ratio in the 1990's.

Among longer term influences fostering convergence between the nonmetro and metro medians is the rapid rise of educational attainment among Americans living in both metro and nonmetro areas. The proportion of people age 25 to 65 with some income who are not high school graduates has decreased steadily in the last third of the century in nonmetro areas as well as metro, while the proportion with at least some college education has increased steadily in both areas (fig. 2).

Table 1
Median personal income
Median nonmetro personal income up since 1990

Year	Current dollars		1995 dollars	
	Nonmetro	Metro	Nonmetro	Metro
1990	14,850	20,000	17,200	23,165
1991	15,330	20,060	17,040	22,298
1992	15,740	20,801	16,936	22,382
1993	16,006	21,010	16,786	22,034
1994	17,000	22,000	17,404	22,523
1995	17,933	22,915	17,933	22,915

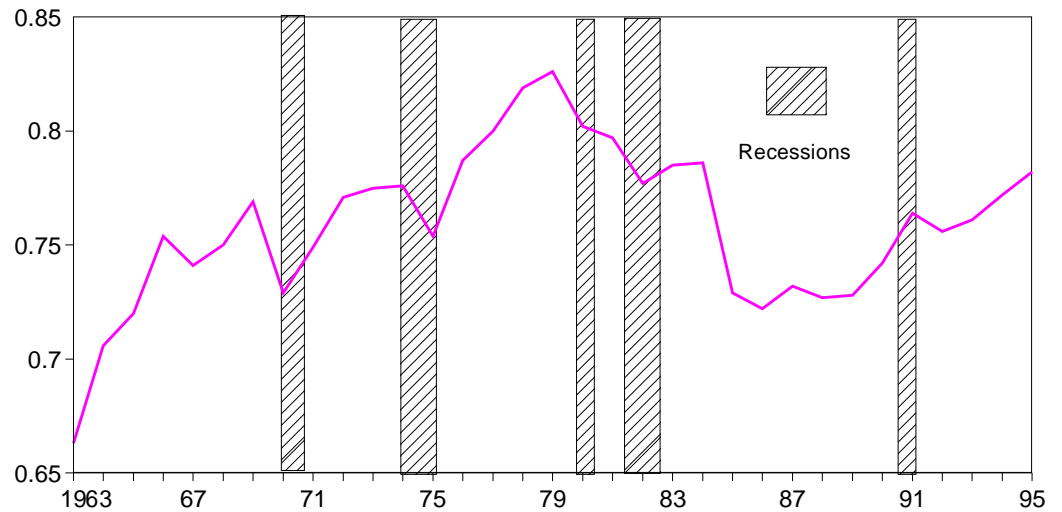
Note: Includes only people age 25 to 65 with positive personal income. The CPS was redesigned in 1994 so 1995 data are not directly comparable (see appendix on CPS redesign). Real median income uses the Personal Consumption Expenditure price index from Bureau of Labor Statistics.
Source: Current Population Survey, March Supplements.

Figure 1

Ratio of nonmetro-to-metro median personal annual income

Nonmetro median income decreased more than metro median in recessions prior to 1990-91, but is again headed toward parity

Ratio of nonmetro-to-metro median annual personal income



Note: In 1973, 1985, and 1995, the metro/nonmetro classification based on the previous census was incorporated in the data.

Source: Current Population Survey, March Supplements.

Table 2

Ratio of nonmetro median personal income to metro median

The nonmetro median is up relative to the metro median since 1990

Year income received	Ratio of nonmetro-to-metro median
	Percent
1990	74.3
1991	76.4
1992	75.7
1993	76.2
1994	77.3
1995	78.3

Note: Includes only people age 25 to 65 with positive personal income.

Source: Current Population Survey, March Supplements.

Median incomes at given levels of education have yet to exceed the levels they had attained before the 1990-91 recession (table 3). This means that education attainment levels among nonmetro individuals made an important contribution to the rise of non-metro median personal income above its pre-recessionary level.

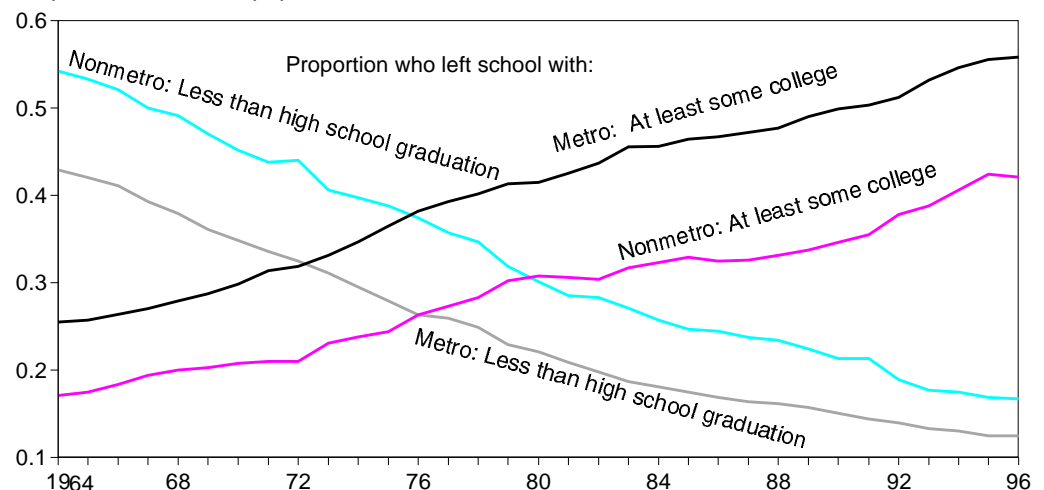
The nonmetro-to-metro median ratio varies by education level (table 3). People without a high school diploma have median incomes that are low and of about the same size regardless of whether their residence is nonmetro or metro. In the case of people with a high school diploma and those with at least some college, nonmetro median incomes are lower than metro median incomes. [Jack Angle, 202-501-7866 (after October 24, 202-694-5415), jangle@econ.ag.gov]

Figure 2

Nonmetro and metro education attainment, 1964-96

Metro education levels are higher than nonmetro, but they move closely together over time

Proportion of relevant population



Note: In 1973, 1985, and 1995, the metro/nonmetro classification based on the previous census was incorporated in the data.

Source: Current Population Survey, March Supplements.

Table 3

Median personal income by level of education

Nonmetro median personal income was much lower than metro except for those without a high school diploma, whose incomes are roughly comparable

Year	Less than high school graduation		High school diploma or GED		At least some college	
	Nonmetro	Metro	Nonmetro	Metro	Nonmetro	Metro
1995 dollars						
1990	10,424	11,785	16,389	19,458	23,746	30,348
1991	10,113	11,116	16,007	19,036	23,813	30,046
1992	9,899	10,760	16,140	18,744	22,811	30,034
1993	9,644	10,487	15,994	18,353	23,072	29,365
1994	10,234	10,647	15,971	18,633	23,424	29,280
1995	10,361	10,959	16,323	18,933	23,400	29,889

Note: While at a given level of education, none of the 1995 medians are higher than the corresponding 1990 medians, education levels among non-metro people increased enough to allow the overall nonmetro 1995 median of personal income to be higher than the 1990 median.

Source: Current Population Survey, March Supplements.